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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING
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February 10, 1978

Robert E. Covington
Secretary - Treasurer
Hiko Bell Mining & Oil Co., Inc.
P.O. Drawer AB
Vernal, UT 84078

Dear Bud:

After the field inspection of February 7, 1978 it appears that the initial two (2) shafts, storage area, and road will be used for only four (4) years. Afterwards, new facilities will be constructed near the center of Section 32.

The project is expected to last for approximately ten (10) years, but the maximum disturbance at any one time will result from 5.63 acres of roadway, 1.04 acres of storage area, diversion and drainage facilities, the hoist house dugway, and two (2) ten by ten foot vertical shafts and associated areas. This disturbed area will be in use for a period of four (4) years before it is reclaimed and a new site started. Bond will be computed for this work with a four (4) year inflation factor. To compute the bond we would appreciate receiving from you an estimate of cubic yards of material moved necessary to construct the hoist house dugway. If the BLM requires a bond, held by them, for the road right of way on lands they administer, we will deduct that amount from the State held bond.

Enclosed you will find a hydrologic study and design criteria for the stockpile area and the road. Jim Smith will send you a recommended seed mixture in the near future. A copy of the environmental assessment will be sent to you when completed. You will also find a copy of the proposed rules and regulations that will be discussed at the Board Meeting on February 22, 1978; you may want to be there.

We have verbal clearance from the Archeologist and Division of State Lands to issue to Hiko Bell a Declaration of Exemption (D.O.E.). To be eligible for a D.O.E. you must not disturb over two (2) acres or mine over 500 tons of material in a twelve (12) consecutive month period. Surface disturbance includes storage areas, diversions, shafts, and associated disturbance. The road, in this case, is not included in the DOE, but it will be included in the final reclamation plan.

Robert E. Covington
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As you have crews waiting to work, development and mining may commence after it is proven to the Division that the aforementioned requirements for a D.O.E. are met, the road right of way is granted by the BLM, soil is stockpiled, drainage facilities are constructed as outlined in the enclosed hydrologic study, and bond is paid covering the initial four (4) year period. In the meantime, we will prepare the environmental assessment and proceed with the standard approval process for the entire project.

Please return the D.O.E. form and a letter committing to the stipulations required. If you have any questions please feel free to call me.

Sincerely,

K. Michael Thompson

K. MICHAEL THOMPSON
RECLAMATION HYDROLOGIST

KMT/jy

Enclosures